

CHAPTER I

INTRODUCTION

1.1 Research Objective Overview

PT Kereta Api Indonesia (PT.KAI)

PT Kereta Api Indonesia (Persero) is a State-Owned Enterprises which provide, organize, and manage the rail freight services in Indonesia. PT KAI is divided into three periods, namely the colonial period, as a public service institution, and as jasa. PT KAI is divided into three periods, namely the colonial period, as a public service institution, and as a service company. (PT KAI Persero,2014)

In the colonial period, the railway industry began in 1864 when Namlooze Venootschap Nederlanche Spoorweg Indische Maatschappij initiated the construction of a railroad from Semarang to Surakarta, Central Java. Since then three other companies to invest in building railway lines inside and outside Java. Companies involved in the railway industry is Staat Spoorwegen colonial era, Verenigde Spoorwegenbedrijf and Deli Spoorwegen Maatscappij. (PT KAI Persero,2014)

The period of company has oriented to public service began in the early days of the independence of Indonesia. On May 25, based on Government Regulation No. 22 In 1963, the government of the Republic of Indonesia established the State Railway Company (PNKA). On 15 September 1997 based on Government Regulation No. 61 In 1971, the Company changed to PNKA Railway Bureau (PJKA). With its status as a State Enterprise and Bureau Company, PT Kereta Api Indonesia (Persero) when it operates to serve the community with funds from government subsidies. (PT KAI Persero,2014)

The new round of management of PT Kereta Api Indonesia (Persero) started when PJKA converted into a Public Company Railways (Perumka) based on Government Regulation No. 57 Year 1990. With its new status as a public company, Perumka seeks to profit from the services it provides. For passenger services, Perumka

offers three classes of service, namely the executive class, business and economy. (PT KAI Persero,2014)

To encourage Perumka into a service business company, on February 3, 1998 the government established the alienation of Public Corporation (Perum) Railway into a Limited Liability Company (Persero) With its new status, PT Kereta Api Indonesia (Persero) operates as a profit-oriented business organizations. (PT KAI Persero,2014)

Table 1.1 History of PT KAI

NO	Period	Status
1.	1864	The first built of rail road 26 km between kemijen to Temanggung.It under responsibility by the Dutch Government.
2.	1864 -1945	Staatspoorwegen (SS) Verenigde Spoorwegbedrijf (VS) Deli Spoorwegmaatschappij (DSM)
3.	1945 -1950	DKA
4.	1950 – 1963	DKA – RI
5.	1963 -1971	PNK
6.	1971 -1991	PJKA
7.	1991 – 1998	PERUMKA
8.	1998 – 2010	PT KERETA API (Persero)
9.	Mei 2010 – now (2015)	PT KERETA API INDONESIA (Persero)

(PT KAI Persero,2014)

Vision and Mission of PT KAI (Persero)

Vision

To become the best railways service provider focusing in customer service and to fulfil stakeholders expectations.(PT KAI Persero,2014)

Mission

Conducts the business of railways and its supporting business, through its business practice and best organization models to provide the added value to its stakeholders and environment based on 4 main pillars : Safety,Punctuality, Services, and Comfort. (PT KAI Persero,2014)

Organization Structure

PT KAI organization structure consist of Board of Commissioners that supervise the Board of Directors that consist of President Director, Deputy President Director and 9 Directors which manage their own division. (PT KAI Persero,2014)

Product Service

PT KAI has three product and services,Those are Passanger services, Freight, and asset utilization.On Passanger services As a company that manages the railway in Indonesia, PT. Kereta Api Indonesia (Persero) has many operate rail passengers, both KA Main (Commercial and Non-Commercial), as well as local trains in Java and Sumatra, which consists of :

1. KA Executive
2. KA AC Economy
3. KA Business
4. KA Economy
5. KA Mixed
6. KA Local
7. KRL

(PT KAI Persero,2014)

PT KAI also has freight,A commodity which can be served on the transport of goods, including:ContainerPalletization, Insulated and refrigerated containers, standard containers, Hard-top containers, Open-top containers, Flatracks, Platforms (plats), Ventilated containers, bulk containers, tank containersBulk Liquid / Liquid BBM, CPO, all chemicals that are not corrosive liquid, cooking oil, mineral water and

otherbulk goods Coal, sand, cement, sugar, fertilizer, rice, kricak, asphalt, clinker and othersretail goods Electronic goods, the production plant that has been packed.(PT KAI Persero,2014)

PT KAI also manage asset utilization, to lease the assets of PT. Kereta Api Indonesia (Persero) you must follow the procedures lease as follows:

1. Assets that can be rented consisting of assets Assets Non Railway and Railway.
2. Applying for lease to commercial Manager in the operation area nearby.
3. Shows the latest SPPT
4. Signing of the cooperation contract

(PT KAI Persero,2014)

Subsidiary of PT KAI

PT KAI has six subsidiaries, namely, PT. Reska Multi Usaha PT. Railink , PT. KA Logistik, PT. KA Pariwisata, PT. KAI Commuter Jabodetabek, PT. KA Property Management. (PT KAI Persero,2014)

PT. Reska Multi Usaha

PT. Reska Multi Usaha engaged in railway Restoration, Service On Train (SOT), Catering (Catering), Resto & Cafe, parking. Shareholding of PT Reska Multi Usaha, PT KAI 95.01% and 4.99% Heritage Foundation. (PT KAI Persero,2014)

PT. Railink

PT. Railink is a joint venture between PT. Kereta Api Indonesia (Persero) and PT. Angkasa Pura II (Persero) with a shareholding of 60% of PT KAI and 40% of PT AP II. The business activities is operation, operation of the management and operation of the airport train, development and management of the railway station at the airport and in the city center, procurement and maintenance facilities and railway infrastructure, pembangunan railway infrastructure, consultation and system design of railway, Concession services other businesses that support the principal. (PT KAI Persero,2014)

PT. KAI Commuter Jabodetabek

PT. KAI Commuter Jabodetabek established by Presidential Decree No. 5 2008

State Enterprises draft letter No. S-653 / MBU / 2008 dated August 12, 2008. The principal tasks of PT KCJ is organized exploitation commuter railway transport services by means of Light rail in Jakarta, Bogor, Depok, Tangerang, and Bekasi and exploitation in the field of non-passenger business. PT KAI Commuter Jabodetabek shareholding of PT KAI 99.78% and 0.22% Heritage Foundation. (PT KAI Persero,2014)

PT. KA Pariwisata

PT KA Tourism or abbreviated PT KA Tourism aims to provide goods or services that are high quality and strong competitiveness in the market in the territory of Indonesia in the field of railway tourism, and business activities that support the tourism train by applying the principles of limited liability companies. Shareholding of PT KA Tourism, PT KAI 99.90% and 0.1% Heritage Foundation. (PT KAI Persero,2014)

PT. KA Logistik

PT. KA Logistik has an effort in the field of distribution services based logistics train, the packaging business door to door service to provide services purnipurna for customers trains supported by freight pre and advanced as well as the services supporting, covering the management of Terminal Container (TPK), stevedoring, warehousing, packing, labeling, transportation, tracking, escort logistics and logistics management by applying the principles of limited liability companies. KALOG future business orientation is as distribution logistics services Total Solution through End-to-End Services or in other words as SCM Service Provider. (PT KAI Persero,2014)

KALOG contributive role and function of the services provided by its parent is a creator of value-added (value creator) along the value chain (value chain) distribution logistics services, including services provided by PT. Kereta Api Indonesia (Persero), such as freight and warehousing. Shareholding of PT KA Logistics, PT KAI 99.90% and 0.1% Heritage Foundation. (PT KAI Persero,2014)

PT. KA Property Management

PT KA Property Management, abbreviated PT KA Property has a business in the

field of asset management / railway property owned by PT. Kereta Api Indonesia (Persero) as well as other parties with the aim of optimizing the utilization and provide added value asset / property to meet the highest quality standards by applying the principles of limited liability companies. Shareholding of PT KA Property Management, PT KAI 99.90% and 0.1% Heritage Foundation. (PT KAI Persero,2014)

1.2 Background

Economic globalization is an example that could describe how a global force could have an impact on many aspects of life. In *World Class: Thriving Locally in the Global Economy* (1995), Rosabeth Mass Counter marking economic globalization in the four following processes: mobility, simultaneity, search the freeway, and pluralism. The fourth combination of these processes has made cross-border activities between countries and the use of information technology is done almost in seconds.

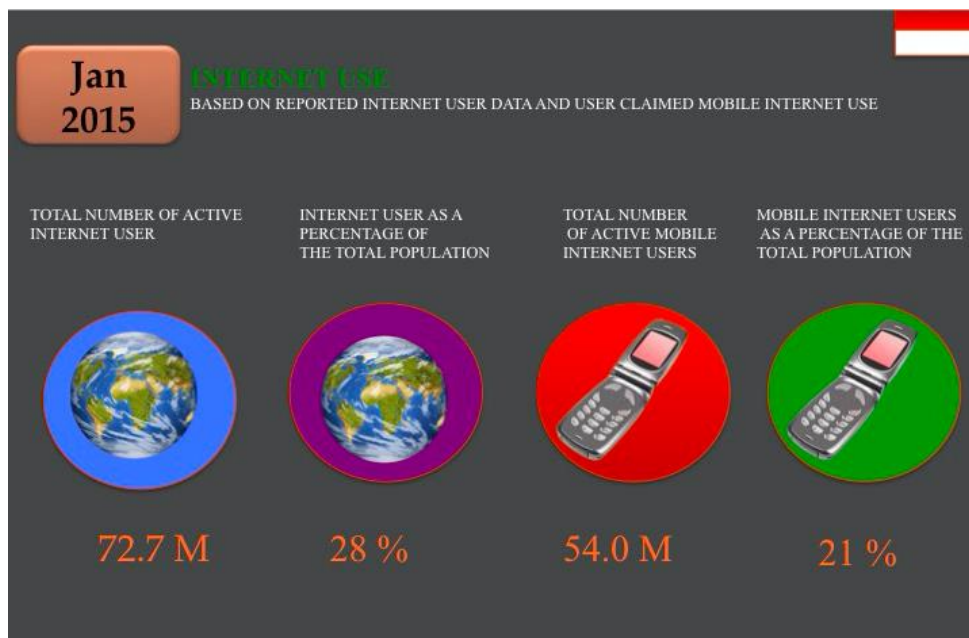


Figure1.1 Internet Use

Source : TechnAsia,2015

Nowadays, many ways of life are based on technology, that is changed the way of thinking and acting. Figure 1.2 show that 54 million of people are active to use mobile internet users. E-commerce, e-business, e-banking, e- ticketing and the terms which reflect the presence of other new economy is a little picture that internet-based business activity will be a common sight in the future. O'Brien said e-business, namely as the use of electronic networks and related technologies to enable, improve, enhance, modify, or create a system of business processes or business to create superior value for current customers and potential customers. In principle, the definition clearly shows how electronics and digital technology serves as a medium to achieve process and business systems (exchange of goods and services) are much better than the conventional methods, especially seen from the benefits that can be felt by those concerned.

According to the data from Indonesia Internet Service Provider (APJII), the internet users in Indonesia has grew 34.9% from 2013 – 2014. In 2013, the amount of internet users in Indonesia was only 71.9 million users and it was grew to 88.1 million users in 2014. This is shows that Indonesia internet users are increase rapidly from year 2013 until 2014 (Apjii,2015).

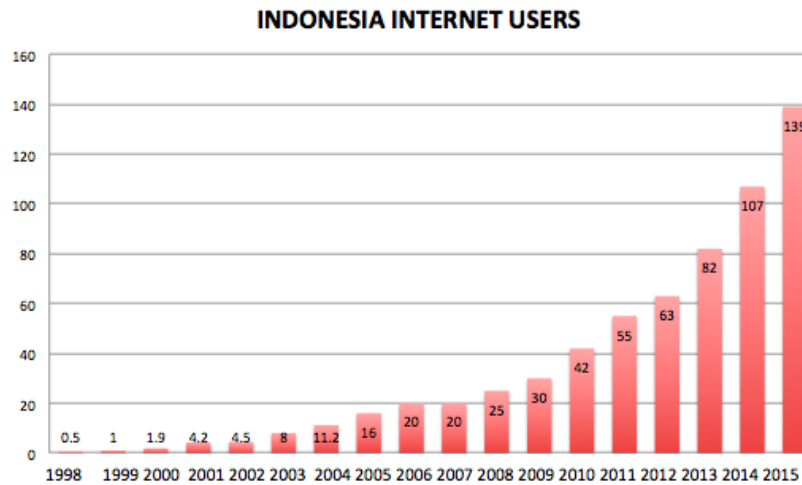


Figure 1.2 Indonesia Internet Users Projection

Source: Apjii, May, 2015

The figure 1.3 is explaining about the growth projection of the internet penetration in Indonesia from APJII until 2015. They predict that the internet users in Indonesia will always rapidly increasing each year and will reached the number of 139 million internet users in 2015.

Service industries are a sector that has grown quite large and rapidly in developing countries. In Indonesia, the service sector contribution is relatively small when compared with the manufacturing sector and the agricultural sector around 11 percent of GDP [BPS, 2012]. In response to the growth of the service sector, academic interest in the management of service companies has also grown (Johnston, 1999).

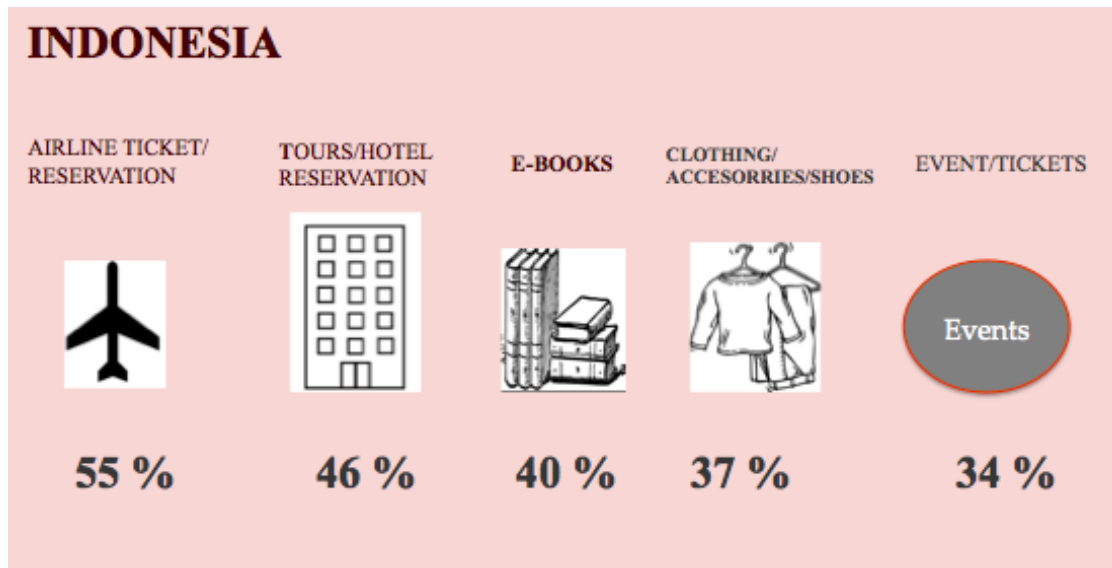


Figure 1.3 Percentage of Online Consumption

Source : Nielsen Global survey of E – commerce

According to Nielsen in Figure 1.4 the percentage of buyer to buy transportation ticket via online in Indonesia is 46 %. Opportunities to make a particular service product innovation is still quite large. By developing innovation, especially in the service sector has considerable potential to contribute to economic growth. Studies on innovations in the service sector, however, have received little attention from academic researchers (John and Storey, 1997; de Brentani, 2001).

The popularity of Internet technology has increased substantially over the course of the last several years (Lopez-Bonilla & Lopez-Bonilla, 2013). As a result, organizations have worked diligently to develop new methods for interfacing with customers. Central to this process has been the development of e-tickets (Borthick & Kiger, 2003). As noted by Tripathi, Reddy, Madria, Mohanty and Ghosh (2009), e-tickets can be used by a wide range of organizations to provide services including coupons for e-shopping, to tickets for entrance into a concert or sporting event.

E-ticketing appear to offer a number of advantages to organizations, including lower costs and increased operational efficiency (Boyer, Hallowell & Roth, 2002). As such, it is projected that the use of e-tickets will only continue to increase over time

(Bukhari, et al., 2013).

PT Kereta Api Indonesia (PT KAI) as railway transportation services in Indonesia also contribute in increasing the utilization of technology in the development of the company. PT KAI has recently been introduced and launched the kind of the latest e-commerce service as a form of business in improving the quality and service to its customers. PT KAI has been transforming the way of doing business, which is using technology as a tool of electronic transactions train ticket sales. Information technology solutions company that is applied to the e-Ticketing. (PT KAI Persero,2014)

E-Ticketing in PT KAI is a new way to distribute and sell tickets that are affected by the power of the internet. E-Ticketing can be distributed via the Internet and downloaded to the smartcard or other electronic media or also be printed to a paper. To build E – ticketing system PT KAI has invested amount of money.

Area Investation	Amount of Number
Website	Rp. 367.207.340.500
Channels	Rp. 191.846.462.500
E-Kiosk	<u>Rp. 121.426.460.500</u> +
Total Investation :	Rp. 680.480.263.500

Table 1.2 Investation Built E-ticketing

Source : Commercial Directorat of PT KAI

Table 1.2 describe the total investation to built E – ticketing system in PT KAI. With the total investation Rp. 680.480.263.500 PT KAI has cooperate with many companies and channels. The channels and payment of KAI classified into three patterns namely a walk-in service, on-line, and the contact center. Target channel development / sales channels, namely to provide convenience and reducing transaction at the counter station. Table 1.3 and 1.4 describe the companies that cooperate with PT KAI to sales e- ticketing.

The Channels of E-ticketing Payment		
NO	Name	Administrator
1.	ATM BANK Mandiri, BRI, BII Maybank, BPRKS, OCBC NISP, BPD-DIY, Panin Bank, Mayapada, BJB, Pundi, CIMB Niaga, mega, BRI Syariah	PT Finnet Indonesia
2.	ATM Bank BTN	PT Bank Tabungan Negara, Tbk
3.	ATM Bank BNI	PT Bank Negara Indonesia, Tbk
4.	ATM Bank BCA	PT Bank central Asia, Tbk
5.	PPOB BRI Delaprasa	PT Flash Mobile
6.	Indomaret	PT Indomarco Prismatama
7.	Alfamart	PT Sumber Alfaria Trijaya, Tbk
8.	Alfamidi, Alfa Ekspres, Lawson	PT Midi Utama Indonesia, Tbk
9.	Kantor Pos and Agen Pos	PT Pos Indonesia
10.	CIMB Clicks	PT Bank CIMB Niaga, Tbk
11.	e- Pay BRI	PT Bank Rakyat Indonesia

Table 1.3 The Channels of E- ticketing Payment

Source : PT Kereta Api Indonesia

Table 1.3 show the channels of e -ticketing payment that cooperate with PT KAI to sale tickets. The channels is the tools or the place that help people to buy e-ticketing system rather than queing in lockets. PT kereta api already give some channels to make people comfort when buy tickets via online.

Website/ Mobile application		
NO	Name	Administrator
1.	tiket.kereta-api.co.id	PT Kereta Api Indonesia (Persero)
2.	www.tiketkai.com	PT Bimasakti Multiwealth
3.	www.tiket.com	PT Global Tiket Network
4.	www.paidtrain.com	PT Padicon Teknologi Informasi

5.	Paidtrain	PT Padicon Teknologi Informasi
6.	Naik kereta	PT Global Tiket Network
7.	Jadwal ka	PT Global Tiket Network

Table 1.4 The Invested of PT Kai in Web

Source : PT Kereta Api Indonesia

Table 1.4 show the website that cooperate with PT KAI to sale tickets, buy this website people do not need queing in lockets to search about the schedule of trains. By website people also can buy tickets h- 90, so the price of tickets usually is cheaper than buy ticket on one day – 1 week.

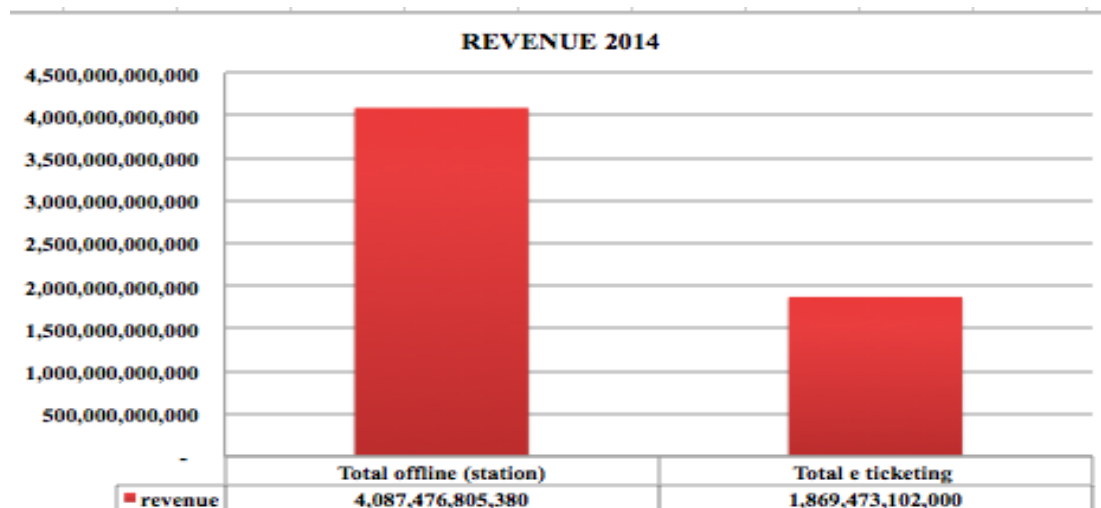


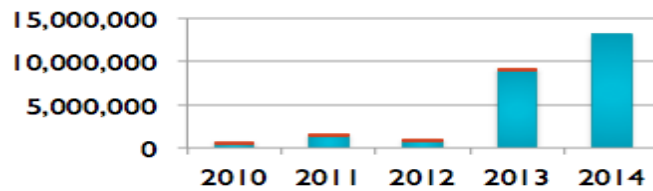
Figure : 1.4 Revenue Online Offline Ticketing of PT KAI

Source : Commercial Directorat PT KAI

Figure 1.5 show the revenue in 2014, based on this figure total people that buy offline is still large that is 68 % and the e- ticketing is 32 %. With the total of investations to built e-ticketing this result is still small. beause the management want to reach the target that is 50 :50 .

E-Ticketing 2010-2014

Passengers



Year	2010	2011	2012	2013	2014
Passengers	519,604	1,370,161	826,094	8,965,067	13,119,128

Figure 1.5 E-ticketing from 2010-2014

Source : Commercial Directorat PT KAI

The charts of E-ticketing sales from year to year continues to increase as seen in figure 1.6 It clearly show in the number of the passanger that used E – ticketing from the year 2010 with 519.604 user was increasing until 2014 with the number of 13.119.128 user. It means that there is a growth in E-ticketing.However, this amount is still smaller compared to the offline sales as seen in figure 1.5

According to Mr Bambang the Commercial Director of PT KAI,PT KAI want to reduce the sales of tickets via offline (lockets).The cumulative number in 2014 on figure 1.5 is still 68 : 32 for offline vs online system.The Target of PT KAI is 50 : 50 through website.The next target on 2016 70 : 30.With e-ticketing system he expects the customer can reduce the time, reduce the risk of hard to get tickets and the main purpose of this is eliminate the queing in locket or stations. (kompas,2015)



Figure 1.6 Website PT KAI

Source : Kereta-api,2014

Figure 1.7 show the lay out of website on kereta-api.co.id, people can easily check the available of tickets by access this website. By using E-ticketing passengers can make a reservation ticket simply by opening a web page through the gadget, laptop, PC anywhere and anytime, passengers can get train tickets he wanted. Even today, passengers can select seats own liking. In addition, e-ticketing also brings convenience to the passengers hence they can check in via Internet and mobile and it eliminates the pressure of tickets misplacement. For customers or passengers can buy train tickets for travel up to 90 days. The provisions applicable to the class KA Executive, Business and Economics. Then, from the research background above, the researcher made a research entitled: **“MEASURING FACTORS INFLUENCE E-TICKETING ADOPTION (A CASE STUDY OF PT KAI)”**

1.3 Problem Statement

Nowadays, Indonesia has a huge internet user that made the e-commerce in Indonesia growing rapidly. The number of customers who choose to purchase goods and services online is continuously rising, since they are usually able to find better prices in a more convenient manner (Chen and Chang, 2003). Business with the most

experience and success in using e-commerce are beginning to realize that the key determinants of success or failure are not merely web site presence and low price but also include the electronic service quality (Yang, 2001; Zeithaml, 2002).

PT Kereta Api has developed an E-ticketing website which is capable of helping the passengers to conduct almost any transaction anytime without leaving their places. With the advantages given by the PT KAI, there are still few customers who do not want to use E-ticketing with some considerations. Several factors would influence the customer in adopting a new technology, in this case E-ticketing in PT KAI.

1.4 Research Questions

In this research there are five independent variables which are convenience (C), security (S), perceived usefulness (PU), perceived ease of use (PEOU), perceived risk (PR), while the dependent variable is Behaviour Intention (BI). Based on the literatures, the writer tries to formulate the questions for the research, which are:

1. What is the perception of the customer on convenience, security, perceived usefulness, perceived ease-of-use, and perceived risk?
2. Are the sub variables convenience, security, perceived usefulness, perceived ease-of-use, and perceived risk partially and simultaneously influence behavior intention to use e-ticketing?

1.5 Research Purposes

Based on those formulated problems, the purpose of this research is as follows:

1. To determine the customer perception on convenience, security, perceived usefulness, perceived ease-of-use, and perceived risk
2. To determine the sub variables of convenience, security, perceived usefulness, perceived ease-of-use, and perceived risk partially and simultaneously influence behavior intention to use e-ticketing.

1.6 Significance of Study

This research is expected to be useful for any parties who want to use this research. The purposes of this research are:

1.6.1 Academic Aspect

- a. The results from this research are hopefully be able to give useful information to develop more knowledge in the field of marketing management that related to the factors which influence the acceptance of E-ticketing.
- b. For researcher, this research can provide the opportunity to apply the theories that have been learned in the classroom which will increase the researcher's knowledge and experience.

1.6.2 Business Aspect

- a. The results of this research are going to be used by e-transportation business especially in Indonesia as well as the media to explore additional knowledge in the field that related to marketing management, especially in service quality. This research can be used to improve company knowledge.
- b. For other parties, this research can hopefully be used as a reference for those who want to learn more about the factors influencing the acceptance of E-ticketing or any other parts related to this topic.

1.7 Systematics Writing

Systematics of writing are contain with explanation of the contents of each chapter are presented briefly and clearly from the whole part of this thesis. This thesis will be presented in five chapters with systematic writing as follows:

CHAPTER I : INTRODUCTION

This chapter describes the background of the problem, formulation of the problem, research questions, objective and systematics writing.

CHAPTER 2 : LITERATURE REVIEW

Contains about the theory, framework and hypothesis.

CHAPTER 3 : RESEARCH METHODOLOGY

This chapter contains about the description about research variables, sample determination, data size and sources, and also data analyze methods.

CHAPTER 4 : RESULTS AND DISCUSSION

This chapter tell about the result of research in systematic than analyze with research methodology that has been established and held for further discussion.

CHAPTER 5 : CLOSING

This chapter contains conclusion, research limitations and suggest from research results.